



# STATE OF CONNECTICUT

## INSURANCE DEPARTMENT

Via email ([diane.jubeck@cga.ct.gov](mailto:diane.jubeck@cga.ct.gov))

March 4, 2015

Senator Joseph J. Crisco  
Representative Robert W. Megna  
Co-Chairs, Insurance and Real Estate Committee  
Legislative Office Building, Room 2800  
Hartford, Connecticut

Attention: Diane Kubeck, Committee Clerk

**Re: HB 6868, An Act Concerning The Connecticut Insurance Guaranty Associations**

Dear Senator Crisco, Representative Megna, Ranking Committee Members, and Committee Members:

Currently before the Insurance and Real Estate Committee is HB 6868, An Act Concerning the Connecticut Insurance Guaranty Associations. In connection with the Committee's public hearing on this legislation, the Insurance Department submitted written testimony in support of the proposed amendments to the statutes governing the insurance guaranty associations, (copy attached).

I write to you because the testimony of the Insurance Association of Connecticut (IAC) and the Property and Casualty Insurers Association of America (PCI) expresses concern with certain provisions in Section 1 of HB 6868 that would redefine the term "covered claim" for purposes of the Connecticut Insurance Guaranty Association (CIGA) to include instances where the claim was "assumed" by an insurer that later becomes insolvent when "such obligation was assumed through a merger or an acquisition, pursuant to an acquisition of assets and assumption of liabilities or pursuant to an assumption reinsurance contract." (See lines 9-13)

The specific concern of the IAC and PCI is the belief that the revised definition would subject CIGA to potential liability for obligations arising from an insurer or self-insurer that was never a member of CIGA and never paid any assessments to CIGA. **This was not the intent of the Insurance Department in proposing this legislation.** The Department respectfully contends that the IAC and PCI has overlooked the operative effect of provisions concerning what a "covered claim" does not include in lines 47-60. The Insurance Department would like to work

with the Committee and the industry to revise, if necessary, the language that will specify when there will be CIGA coverage for claims arising out of policies written by one insurer that were subsequently assumed by another insurer which then becomes insolvent. The Department's goal is to work constructively to minimize legal uncertainty and litigation with respect to CIGA coverage.

Respectfully submitted,



Anne Melissa Dowling  
Acting Insurance Commissioner

Attachment

cc: Eric George, IAC  
Kristina Baldwin, PCI  
Jon Arsenaault, CID  
Jim Perras, CID